



7020-02

INTERNATIONAL TRADE COMMISSION

Investigation No. 337-TA-972

Certain Automated Teller Machines, ATM Modules, Components Thereof, and Products Containing the Same

Commission Determination to Review in Part a Final Initial Determination Finding a Violation of Section 337; Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, the Public Interest, and Bonding; and Granting a Motion to Amend the Complaint and Notice of Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part the final initial determination (“final ID”) issued by the presiding administrative law judge (“ALJ”) on November 30, 2016, finding a violation of section 337 of the Tariff Act of 1930, in the above-captioned investigation. The Commission has also determined to grant the motion filed on December 23, 2016, by the complainants to amend the complaint and notice of investigation. The Commission requests certain briefing from the parties on the issues under review, as indicated in this notice. The Commission also requests briefing from the parties and interested persons on the issues of remedy, the public interest, and bonding.

FOR FURTHER INFORMATION CONTACT: Sidney A. Rosenzweig, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-708-2532. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2000. General information concerning the

Commission may also be obtained by accessing its Internet server (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on November 20, 2015, based on a complaint filed by Diebold Incorporated and Diebold Self-Service Systems (collectively, "Diebold"). 80 FR 72735-36 (Nov. 20, 2015). The complaint alleged violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain automated teller machines, ATM modules, components thereof, and products containing the same by reason of infringement of certain claims of six United States Patents: 7,121,461 ("the '461 patent"); 7,249,761 ("the '761 patent"); 7,314,163 ("the '163 patent"); 6,082,616 ("the '616 patent"); 7,229,010 ("the '010 patent"); and 7,832,631 ("the '631 patent"). *Id.* The notice of investigation named as respondents Nautilus Hyosung Inc. of Seoul, Republic of Korea; Nautilus Hyosung America Inc. of Irving, Texas; and HS Global, Inc. of Brea, California (collectively, "Nautilus"). *Id.* at 72736. The Office of Unfair Import Investigations was not named as a party. *Id.*

The '461 patent, '761 patent, and '163 patent were previously terminated from the investigation. *See* Order No. 12 (Apr. 28, 2016), *not reviewed*, Notice (May 11, 2016); Order No. 21 (June 28, 2016), *not reviewed*, Notice (July 28, 2016). The presiding administrative law judge ("ALJ") conducted an evidentiary hearing from August 29, 2016 through September 1, 2016. On November 30, 2016, the ALJ issued the final Initial Determination ("final ID" or "ID"). The final ID found a violation of section 337 with respect to the '616 and '631 patents,

and no violation with respect to the '010 patent. ID at 207-09. The ALJ recommended that a limited exclusion order and cease and desist orders issue against Nautilus.

Nautilus and Diebold each filed a petition for review of the ID. No party petitioned for review concerning the '010 patent, the Commission has determined not to review the ID's finding of no violation as to the '010 patent, and the investigation is hereby terminated as to that patent. What remain are asserted claims 1, 5-8, 10, 16, 26 and 27 of the '616 patent; and asserted claims 1-7 and 18-20 of the '631 patent. Diebold's petition deals principally with the '616 patent, and Nautilus's petition deals principally with the '631 patent.

Separately, on December 23, 2016, Diebold moved the Commission for leave to amend the complaint and notice of investigation to change the name of Diebold, Incorporated (one of the two complainants) to Diebold Nexdorf, Incorporated. Nautilus did not oppose the motion. The Commission hereby grants the motion.

On December 30, 2016, the parties submitted statements on the public interest. Diebold contends that the investigation does not raise any public interest concerns. Nautilus asserts that a Commission exclusion order should include a certification provision and that any Commission remedial orders be tailored to allow repair of existing Nautilus ATMs in the United States. In addition, the Commission received submissions from United States Representative James B. Renacci, United States Senator Sherrod Brown, and certain Nautilus customers.

Having reviewed the record of investigation, including the ALJ's orders and initial determinations, including the final ID, as well as the parties' petitions for review and responses thereto, the Commission has determined to review the ID in part.

For the '616 patent, the Commission has determined to review the constructions of the terms “service opening” and “a second position wherein . . . the service opening is not accessible from outside the housing.” The Commission finds that the term “service opening” is to receive its plain and ordinary meaning. The Commission finds that the term means “an opening through which a component may be serviced.” The Commission finds that the term “second position wherein . . . the service opening is not accessible from outside the housing” is to be afforded its plain and ordinary meaning. The claim language “the service opening is not accessible from outside the housing” in the second position, read in view of the intrinsic record of the '616 patent, expressly states that “the service opening is not accessible”; it does not state that the “service point” is not accessible from outside the housing in the second position. The Commission’s reasoning in support of its claim construction determinations is set forth more fully in the Commission Claim Construction Opinion.

In view of the Commission’s determination to review and modify the construction of these two claim limitations, the Commission has also determined to review:

- (1) whether the accused products infringe each of the asserted claims of the '616 patent literally or under the doctrine of equivalents;
- (2) whether the asserted claims of the '616 patent are obvious in view of Diebold’s 1064i ATM; and
- (3) whether Diebold has satisfied the technical prong for the domestic industry requirement for the '616 patent.

The Commission has determined to review and to take no position on whether, for the '631 patent, Diebold satisfied the economic prong of the domestic industry requirement under 19 U.S.C. § 1337(a)(3)(B) based on its field service labor expenditures.

The Commission has determined not to review the remainder of the ID.

The parties are asked to brief the issues for the '616 patent of infringement, obviousness in view of Diebold's 1064i ATM, and the technical prong, in view of the Commission's constructions, and with reference to the applicable law and the existing evidentiary record. For each argument presented, the parties' submissions should demonstrate that the argument has been preserved in accordance with the ALJ's Ground Rules as well as Commission Rule 210.43(b), 19 CFR 210.43(b).

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent(s) being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843, Comm'n Op. (December 1994).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are

like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues under review as set forth above. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding. The complainants are requested to submit proposed remedial orders for the Commission's consideration. The complainants are also requested to state the date that the '631 and '616 patents expire, the HTSUS numbers under which the accused products are imported, and the names of known importers of the products at issue in this investigation. The written submissions and proposed remedial orders must be filed no later than close of business on February 10, 2017, and should not exceed 40 pages. Reply submissions must be filed no later than the close of business on February 17, 2017, and such replies should not exceed 30 pages. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or

before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the investigation number (“Inv. No. 337-TA-972”) in a prominent place on the cover page and/or the first page. (*See Handbook for Electronic Filing Procedures*, https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf). Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this Investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission’s determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission’s Rules of Practice and Procedure (19 CFR Part 210).

By order of the Commission.

Lisa R. Barton
Secretary to the Commission

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